

**Before the State of South Carolina  
Department of Insurance**

In the matter of:

SCDOI File Number: 116455

Columbian Life Insurance Company  
P.O. Box 1381  
Binghamton, NY 13902-1381

**Consent Order  
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and the above referenced company, a licensed South Carolina non-resident insurance producer.

Upon review of this matter, I hereby find as fact, that Columbian Life Insurance Company, while licensed to do business as a non-domiciliary insurance company within the State of South Carolina, did issue policies for life insurance used to fund "pre-need" funeral contracts with a face amount greater than the corresponding funeral contract, before being authorized by our Department to do so, with a 24 hour delay, pursuant to a Rider filed with our Department and subsequently approved by the Department. Specifically, the Company was selling said type of contracts approximately since August of 1999, previous to obtaining our official approval, on or about November 25, 2002. Columbian Life Insurance Company, with home offices in Chicago, Illinois, a subsidiary of Columbian Mutual Life Insurance Company, acknowledges this allegation but contends this failure resulted from inadvertence and oversight and not from any intent to avoid the requirements of the Law. Nevertheless, these actions can ultimately lead to the revocation of its license to transact the business of insurance as a non-resident producer company within South Carolina, following a public hearing at the Administrative Law Court, pursuant to S.C. Code Ann. Section 38-43-130.

Prior to the initiation of any administrative proceedings by the Department against them, the parties agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision, rather than to proceed toward a formal administrative hearing. The consensual recommendation was that Columbian Life Insurance Company would waive its right to a public hearing, and immediately pay via certified check, a negotiated and consensual administrative penalty through the Department in the amount of \$5,000.00 dollars.

Section 38-5-120(Supp.2004) of the South Carolina Code grants the Director of Insurance the power to revoke the certificate of authority of an insurer that fails to comply with the Law. Alternatively, in accordance with the S.C. Code Ann. § 38-5-130 and 38-2-10 (Supp. 2004), the Director of Insurance may impose an administrative penalty up to \$30,000 per violation.

After a thorough review of the matter, and carefully considering the recommendations, I have elected to accept the consensual recommendation of the parties. Under the discretionary authority provided me within S.C. Code Ann. § 38-5-120(Supp. 2004), taking into consideration

the fact that the Department has never taken any administrative disciplinary action against this company, as well as Columbian Life Insurance Company's assurances that in the future they will comply with the State Insurance Laws, I hereby impose against it an administrative penalty in the amount of \$5,000.00 dollars.

The parties expressly agree and understand that this resolution constitutes full accord and satisfaction of this matter. By signing this Consent Order, the Company acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2004).

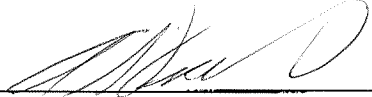
It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states and a copy be placed in Columbian Life Insurance Company's licensing file.

This consent order becomes effective as of the date of my signature below.

Aug 11, 2005  
At Columbia, South Carolina

  
Eleanor Kitzman  
Director

I CONSENT:

  
Signature

August Scott Dittmar  
Printed Name

Senior VP Sales & Mkt  
Title

Columbian Life Insurance Company  
Administrative Service Office  
Vestal Parkway East  
Post Office Box 1381  
Binghamton, New York 13902-1381.

Dated this 9 day of Aug, 2005.